

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
NORTHWESTERN DIVISION

97 SEP 23 PM 3: 51

U.S. DISTRICT COURT
N.D. OF ALABAMA

DARLENE BEVIS,

Plaintiff,

v.

CASE NO. CV 97-B-1186-NW

WOODMEN OF THE WORLD LIFE
INSURANCE SOCIETY,

Defendant.

INTEREL

SEP 23 1997

MEMORANDUM OPINION

Before the court is the motion of defendant Woodmen of the World Life Insurance Society to dismiss/stay and compel alternative dispute resolution procedure filed on June 26, 1997. Upon consideration of the record, the submissions of the parties, the argument of counsel, and the relevant law, the court is of the opinion that defendant's motion is due to be granted.

FACTUAL SUMMARY

Defendant Woodmen of the World Life Insurance Society is a fraternal benefit society existing for the mutual benefit of its members and the beneficiaries and having a representative form of government. In December, 1996, the Woodmen Constitution was amended to include a Problem Resolution Procedure. (*See* Ex. B to Def.'s Mot.) This procedure states that any dispute regarding a benefit certificate is subject to a three step alternative dispute resolution procedure. (*Id.*)

Plaintiff Darlene Bevis purchased a Woodmen benefit certificate and became a member of the Woodmen Society. (*See* Ex. A to Def.'s Mot.) As a member of the Woodmen Society,

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plaintiff is bound by the Constitution and laws of the Woodmen Society. The benefit certificate issued to plaintiff and made the basis of this lawsuit incorporates and adopts the Constitution and laws of the Woodmen Society, including any amendments thereto, as part of the benefit certificate. (*Id.* at p.8.) All Woodmen members were given notice of the December, 1996 constitutional amendment instituting the Problem Resolution Procedure. Plaintiff filed this lawsuit after being sent notice of the provision requiring compliance with this procedure.

DISCUSSION

Defendant has filed a motion with this court to compel plaintiff to submit to and abide by the Problem Resolution Procedure and the three step alternative dispute resolution procedure set forth therein. In opposition to the motion, plaintiff argues that her benefit certificate is not covered by the Federal Arbitration Act because the benefit certificate does not contain an arbitration agreement. (*See* Pl.'s Resp. to Def.'s Mot.) Plaintiff contends that defendant cannot enforce arbitration of a "guaranteed renewable" contract, signed in 1988, which contained no arbitration provision at the time it was signed. (*Id.*)

In response, Woodmen argues that as a fraternal benefit society, its Constitution and By-Laws, as well as any amendments thereto, are part of the benefit certificate and become part of the agreement between Woodmen and the plaintiff. Alabama Code § 27-34-29 expressly provides that "the certificate together with . . . the Constitution and Laws of the Society . . . and all amendments to each thereof shall constitute the agreement, as of the date of issuance, between the Society and the member" and that any "changes, additions, or amendments" to the "Constitution" shall bind the member and shall govern and control the

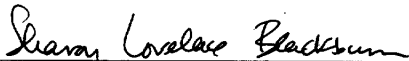
agreement in all respects the same as though such changes, additions, or amendments had been made prior to and were in force at the time of the application for membership. Ala. Code § 27-34-29(a) and (c) (1975). Therefore, defendant argues that the Amended Constitution providing for an alternative dispute resolution procedure becomes part of the agreement between Woodmen and the plaintiff.

This court agrees with Woodmen. The court finds that Woodmen is a fraternal benefit society, and is recognized as such by the state of Alabama. The court further finds that as a fraternal benefit society, Woodmen's Constitution and any amendments thereto become part of Woodmen's benefit certificates and are directly binding on its members. Finally, the court finds that the December, 1996 amendments to the Woodmen Constitution providing for alternative dispute resolution procedures are binding upon the plaintiff in this case as though the amendments were in force at the time of the plaintiff's application for membership.

CONCLUSION

Based upon the foregoing, the court concludes that defendant's motion to dismiss and to compel alternative dispute resolution procedure is due to be granted. An Order consistent with this Memorandum Opinion will be entered contemporaneously herewith.

DONE this 23rd day of September, 1997.


SHARON LOVELACE BLACKBURN
United States District Judge